

NOTICE OF PROPOSED CHANGES IN REGULATIONS OF THE  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES (CDSS)

ITEM # 1 Food Stamp Program Simplification Options

CDSS hereby gives notice of the proposed regulatory action(s) described below. Any person interested may present statements or arguments orally or in writing relevant to the proposed regulations at a public hearing to be held July 12, 2006, as follows:

July 12, 2006  
Office Building # 9  
744 P St. Auditorium  
Sacramento, California

The public hearing will convene at 10:00 a.m. and will remain open only as long as attendees are presenting testimony. The Department will adjourn the hearing immediately following the completion of testimony presentations. The above-referenced facility is accessible to persons with disabilities. If you are in need of a language interpreter at the hearing (including sign language), please notify the Department at least two weeks prior to the hearing.

Statements or arguments relating to the proposals may also be submitted in writing, e-mail, or by facsimile to the address/number listed below. All comments must be received by 5:00 p.m. on July 12, 2006.

CDSS, upon its own motion or at the instance of any interested party, may adopt the proposals substantially as described or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of nonsubstantive, technical, or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption to all persons who testify or submit written comments during the public comment period, and all persons who request notification. Please address requests for regulations as modified to the agency representative identified below.

Copies of the express terms of the proposed regulations and the Initial Statement of Reasons are available from the office listed below. This notice, the Initial Statement of Reasons and the text of the proposed regulations are available on the internet at <http://www.dss.cahwnet.gov/ord>. Additionally, all the information which the Department considered as the basis for these proposed regulations (i.e., rulemaking file) is available for public reading/perusal at the address listed below.

Following the public hearing, copies of the Final Statement of Reasons will be available from the office listed below.

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California Department of Social Services  
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## CHAPTERS

Manual of Policies and Procedures, Division 63, Chapter 500 (Eligibility Determinations) Sections 63-501 (Resource Determinations), 63-502 (Income, Exclusions and Deductions), 63-503 (Determining Household Eligibility and Benefit Levels), 63-504 (Household Certification and Continuing Eligibility), 63-505 Household Responsibilities), 63-508 (Quarterly Reporting), and 63-509 (Income Eligibility and Benefit Calculation for Quarterly Reporting).

## INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

The food stamp provisions of the Farm Bill gave the State several options to deliver benefits more effectively through simplification of the Program. The options the Department will implement include aligning the resource and income exclusions with the CalWORKs program, allowing the treatment of child support payments as an income exclusion instead of a deduction, and requiring the use of the Standard Utility Allowance (SUA).

By aligning the resource and income exclusions with the CalWORKs program and allowing the treatment of child support payments as an income exclusion, recipient benefit levels and overall participation will increase.

In a recent study, the United States Department of Agriculture (USDA) has determined that every additional dollar in federal food stamp benefits results in \$1.84 in increased economic activity (increase in production and sales, new jobs, etc).

Additionally, based on an analysis provided by the Legislative Analyst Office, any increase in the amount of federal food stamp benefits issued will result in additional tax revenue generated for the State General Fund. The increase in benefits would result in low-income families spending more of their other resources on taxable goods, which would help to generate revenue for the state and local government.

Based on the most recent California Food Stamp Characteristic Survey information, requiring the use of the SUA will not negatively impact households that are currently claiming actual expenditures as the average amount of actual utility expenses claimed is significantly less than the SUA. It is anticipated that the implementation of this option will help avoid quality control program errors. Additionally, because county personnel will no longer have to calculate the utility allowance based on actual bills for utility costs, this option will result in some administrative savings.

## COST ESTIMATE

1. Costs or Savings to State Agencies: Savings of approximately \$295,000 in the current State Fiscal Year.
2. Costs to Local Agencies or School Districts: Savings of approximately \$166,000 in the current State Fiscal year.
3. Nondiscretionary Costs or Savings to Local Agencies: None.
4. Federal Funding to State Agencies: Savings of approximately \$554,000 in the current State Fiscal Year.

#### LOCAL MANDATE STATEMENT

These regulations impose a mandate upon local agencies, but not school districts. There may be state-mandated local costs which require federal and state reimbursement due to increased administrative costs under Section 17500 et seq. of the Government Code because any costs associated with the implementation of these regulations are costs mandated by the federal government within the meaning of Section 17513 of the Government Code. The local agencies, State, and Federal agencies share administrative costs. Increased costs in benefits are paid entirely by the Federal government.

#### STATEMENT OF SIGNIFICANT ADVERSE ECONOMIC IMPACT ON BUSINESS

CDSS has made an initial determination that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

#### STATEMENT OF POTENTIAL COST IMPACT ON PRIVATE PERSONS OR BUSINESSES

The CDSS is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

#### SMALL BUSINESS IMPACT STATEMENT

CDSS has determined that there is no impact on small businesses as a result of filing these regulations because these regulations are only applicable to state and county agencies.

#### ASSESSMENT OF JOB CREATION OR ELIMINATION

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

#### STATEMENT OF EFFECT ON HOUSING COSTS

The proposed regulatory action will have no effect on housing costs.

#### STATEMENT OF ALTERNATIVES CONSIDERED

CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective and less burdensome to affected private persons than the proposed action.

#### AUTHORITY AND REFERENCE CITATIONS

CDSS adopts these regulations under the authority granted in Welfare and Institutions Code Sections 10553 and 10554. Subject regulations implement and make specific Welfare and Institutions Code Sections 10554 and 18904, and the Farm Security and Rural Investment Act of 2002 (Public Law 107-171), and 7 U.S.C. 2014(d) and (e).

#### CDSS REPRESENTATIVE REGARDING RULEMAKING PROCESS OF THE PROPOSED REGULATION

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AGENDA ITEM(S) FOR THIS PUBLIC HEARING - July 12,2006

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